

AMENDED IN SENATE APRIL 4, 2005

**SENATE BILL**

**No. 601**

**Introduced by Senator Soto**

February 18, 2005

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~~An act relating to transportation. An act to add Chapter 13.1 (commencing with Section 8890) to Division 1 of Title 2 of the Government Code, relating to transportation by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 601, as amended, Soto. ~~Traffic congestion: bond measure~~ *Build California Bond Act of 2006.*

Existing law, the Traffic Congestion Relief Act of 2000, creates the Traffic Congestion Relief Fund and continuously appropriates its revenue to the Department of Transportation for projects to relieve traffic congestion and to provide additional funding for local street and road deferred maintenance.

~~This bill would state the Legislature's intent to enact a general obligation bond measure to fund projects to facilitate freight movement and to reduce traffic congestion on state highways enact the Build California Bond Act of 2006 to authorize \$3 billion in state general obligation bonds for specified projects, including construction of highway and public transportation projects that are significant for the state, reduce congestion, provide for safety and facilitate the movement of goods into, through, and out of state.~~

~~The bill would require the Secretary of State to submit the proposed bond measure to the voters at the next statewide election.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: ~~no~~  
yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

~~SECTION 1. It is the intent of the Legislature to enact a~~

*SECTION 1. The Legislature finds and declares all of the following:*

*(a) Our state's highways, public transportation systems, and rail systems drive our economy, enabling all industries to achieve growth and productivity that makes California strong and prosperous.*

*(b) The establishment, maintenance, and improvement of the state's transportation network is a priority, for economic, environmental, energy, security, and other reasons.*

*(c) The ability to move people and goods is critical to maintaining state, metropolitan, rural, and local economies.*

*(d) The construction of infrastructure requires the skills of numerous occupations, including those in the contracting, engineering, planning and design, materials supply, manufacturing, distribution, and safety industries.*

*(e) Investing in transportation infrastructure creates long-term capital assets for the nation that will help California address its enormous infrastructure needs and improve its economic productivity.*

*(f) Investment in transportation infrastructure creates jobs and spurs economic activity to put people back to work and stimulate the economy.*

*(g) Every \$1 billion in transportation investment has the potential to create up to 47,500 jobs.*

*(h) Every dollar invested in the nation's transportation infrastructure yields at least five dollars and seventy cents (\$5.70) in economic benefits because of reduced delays, improved safety, and reduced vehicle operating costs.*

*(i) The proposed increases to the Transportation Equity Act for the 21st Century (TEA-21) will not be sufficient to compensate for the state's transportation infrastructure deficit.*

*(j) The purpose of this act is to provide financing for long-term infrastructure capital investments that are not currently being met by existing transportation and infrastructure investment programs, including projects of state significance, multistate transportation corridors, intermodal transportation*

1 facilities, and transportation and security improvements to  
2 highways, public transportation systems, and rail systems.

3 SEC. 2. Chapter 13.1 (commencing with Section 8890) is  
4 added to Division 1 of Title 2 of the Government Code, to read:

5  
6 CHAPTER 13.1. BUILD CALIFORNIA BOND ACT OF 2006

7  
8 Article 1. General Provisions

9  
10 8890. This chapter shall be known, and may be cited, as the  
11 Build California Bond Act of 2006.

12  
13 Article 2. Build California Bond Finance Program

14  
15 8890.10. (a) The proceeds of bonds issued and sold pursuant  
16 to this chapter shall be deposited in the Build California 2006  
17 Construction Bond Fund, which is hereby established in the State  
18 Treasury. Unless otherwise specified, the money in the fund shall  
19 be available for appropriation by the Legislature, in the manner  
20 set forth in this chapter.

21 (b) Moneys in the fund shall be used for qualified projects,  
22 projects of regional and national significance, and for the design  
23 and construction of highway and public transportation projects  
24 that are significant for the state, reduce congestion, provide for  
25 safety and facilitate the movement of goods into, through, and  
26 out of the state.

27 8890.11. For purposes of this chapter, the following  
28 definitions shall apply:

29 (a) "Qualified project" means any highway project approved  
30 by the California Transportation Commission that is:

31 (1) A project of regional or national significance that  
32 enhances the movement of goods or services.

33 (2) A multistate corridor program.

34 (3) Border planning, operations, technology, and capacity  
35 improvement program.

36 (4) A freight intermodal connector project.

37 (b) "Projects of regional and national significance" means the  
38 eligible costs of any surface transportation project which is  
39 eligible for federal assistance under Title 23 of the United States

1 *Code, including any freight rail project and activity eligible*  
2 *under that title.*

3 *(c) “Eligible activities” means:*

4 *(1) Highway and multimodal planning or environmental*  
5 *studies.*

6 *(2) Cross-border port of entry and safety inspections*  
7 *improvements, including operational enhancements and*  
8 *technology applications.*

9 *(3) Technology and information exchange activities.*

10 *(4) Right-of-way acquisition, design, and construction, as*  
11 *needed to implement the enhancements to decrease air pollution*  
12 *emissions from vehicles or inspection facilities at border*  
13 *crossings, or to increase highway capacity at or near*  
14 *international borders.*

15  
16 *Article 3. Fiscal Provisions*  
17

18 *8890.15. (a) Bonds in the total amount of \$3 billion, or so*  
19 *much thereof as is necessary, not including the amount of any*  
20 *refunding bonds, or so much thereof as is necessary, may be*  
21 *issued and sold to provide funds to be used for carrying out the*  
22 *purposes expressed in this chapter and to be used to reimburse*  
23 *the General Obligation Bond Expense Revolving Fund pursuant*  
24 *to Section 16724.5 of the Government Code. The bonds, when*  
25 *sold, shall be and constitute a valid and binding obligation of the*  
26 *State of California, and the full faith and credit of the State of*  
27 *California is hereby pledged for the punctual payment of both*  
28 *principal of, and interest on, the bonds as the principal and*  
29 *interest become due and payable.*

30 *8890.16. The bonds authorized by this chapter shall be*  
31 *prepared, executed, issued, sold, paid, and redeemed as provided*  
32 *in the State General Obligation Bond Law (Chapter 4*  
33 *(commencing with Section 16720) of Part 3 of Division 4 of Title*  
34 *2 of the Government Code) and all of the provisions of that law*  
35 *apply to the bonds and to this chapter and are hereby*  
36 *incorporated in this chapter as though set forth in full in this*  
37 *chapter.*

38 *8890.17. (a) For the purposes of authorizing the issuance a*  
39 *sale pursuant to the State General Obligation Bond Law of the*  
40 *bonds authorized by this chapter, the Build California Bond 2006*

1 *Finance Committee is hereby established. The committee shall*  
 2 *consist of the Chair of the California Infrastructure and*  
 3 *Economic Development Bank (I-Bank), the Treasurer, the*  
 4 *Controller, two members appointed by the Legislature (one-*  
 5 *Senate, one- Assembly), three private industry members by the*  
 6 *Governor and a member of the California Transportation*  
 7 *Commission.*

8 *(b) The committee shall determine whether or not it is*  
 9 *necessary or desirable to issue bonds authorized pursuant to this*  
 10 *chapter in order to carry out the program prescribed and, if so,*  
 11 *the amount of bonds to be issued and sold. Successive issues of*  
 12 *bonds may be authorized and sold to carry out those actions*  
 13 *progressively, and it is not necessary that all of the bonds*  
 14 *authorized to be issued be sold at any one time.*

15 *8890.18. There shall be collected each year and in the same*  
 16 *manner and at the same time as other state revenue is collected,*  
 17 *in addition to the ordinary revenues of the state, a sum in an*  
 18 *amount required to pay the principal of, and interest on, the*  
 19 *bonds each year. It is the duty of all officers charged by law with*  
 20 *any duty in regard to the collection of the revenue to do and*  
 21 *perform each and every act that is necessary to collect that*  
 22 *additional sum.*

23 *8890.19. Notwithstanding Section 13340 of the Government*  
 24 *Code, there is hereby appropriated from the General Fund in the*  
 25 *State Treasury, for the purposes of this chapter, an amount that*  
 26 *will equal the total of the following:*

27 *(a) The sum annually necessary to pay the principal of, and*  
 28 *interest on, bonds issued and sold pursuant to this chapter, as the*  
 29 *principal and interest become due and payable.*

30 *(b) The sum necessary to carry out Section 129636, which sum*  
 31 *shall be appropriated without regard to fiscal years.*

32 *8890.20. For purposes of carrying out this chapter, the*  
 33 *Director of Finance may authorize the withdrawal from the*  
 34 *General Fund of an amount not to exceed the amount of the*  
 35 *unsold bonds that have been authorized by the committee to be*  
 36 *sold for the purpose of carrying out this chapter. Any amounts*  
 37 *withdrawn shall be deposited in the fund. Any money made*  
 38 *available under this section shall be returned to the General*  
 39 *Fund from proceeds received from the sale of bonds for the*  
 40 *purpose of carrying out this chapter.*

1     8890.21. *All money deposited in the fund that is derived from*  
2 *premium and accrued interest on bonds sold shall be reserved in*  
3 *the fund and shall be available for transfer to the General Fund*  
4 *as a credit to expenditures for bond interest.*

5     8890.22. *Pursuant to Chapter 4 (commencing with Section*  
6 *16720) of Part 3 of Division 4 of Title 2 of the Government Code,*  
7 *the cost of bond issuance shall be paid out of the bond proceeds.*  
8 *These costs shall be shared proportionately by each program*  
9 *funded through this bond act.*

10    8890.23. *The committee may request the Pooled Money*  
11 *Investment Board to make a loan from the Pooled Money*  
12 *Investment Account, including other forms of interim financing*  
13 *that include, but are not limited to, commercial paper, in*  
14 *accordance with Section 16312 of the Government Code, for the*  
15 *purposes of carrying out this chapter. The amount of the request*  
16 *shall not exceed the amount of the unsold bonds that the*  
17 *committee, by resolution, has authorized to be sold for the*  
18 *purpose of carrying out this chapter. The committee shall execute*  
19 *any documents required by the Pooled Money Investment Board*  
20 *to obtain and repay the loan. Any amounts loaned shall be*  
21 *deposited in the fund to be allocated by the office in accordance*  
22 *with this chapter.*

23    8890.24. *The bonds may be refunded in accordance with*  
24 *Article 6 (commencing with Section 16780) of Chapter 4 of Part*  
25 *3 of Division 4 of Title 2 of the Government Code, which is part*  
26 *of the State General Obligation Bond Law. Approval by the*  
27 *voters of the state for the issuance of the bonds described in this*  
28 *chapter includes the approval of the issuance of any bonds issued*  
29 *to refund any bonds originally issued under this chapter or any*  
30 *previously issued refunding bonds.*

31    8890.25. *Notwithstanding any other provision of this chapter*  
32 *or of the State General Obligation Bond Law, if the Treasurer*  
33 *sells bonds pursuant to this chapter that include a bond counsel*  
34 *opinion to the effect that the interest on the bonds is excluded*  
35 *from gross income for federal tax purposes, subject to designated*  
36 *conditions, the Treasurer may maintain separate accounts for the*  
37 *investment of bond proceeds and for the investment of earnings*  
38 *on those proceeds. The Treasurer may use or direct the use of the*  
39 *proceeds or earnings to pay any rebate, penalty, or other*  
40 *payment required under federal law or take any other action with*

1 *respect to the investment and use of those bond proceeds*  
2 *required or desirable under federal law to maintain the*  
3 *tax-exempt status of those bonds and to obtain any other*  
4 *advantage under federal law on behalf of the funds of this state.*

5 *8890.26. The Legislature hereby finds and declares that,*  
6 *inasmuch as the proceeds from the sale of bonds authorized by*  
7 *this chapter are not “proceeds of taxes” as that term is used in*  
8 *Article XIII B of the California Constitution, the disbursement of*  
9 *these proceeds is not subject to the limitations imposed by that*  
10 *article.*

11 *SEC. 3. Section 2 of this act shall take effect upon the*  
12 *approval by the voters of the Build California Bond Act of 2006.*

13 *SEC. 4. This act shall be submitted to the voters at the next*  
14 *statewide election in accordance with the provisions of the*  
15 *Government Code and the Elections Code governing the*  
16 *submission of a statewide measure to the voters.*

17 *SEC. 5. (a) Notwithstanding any other provision of law, all*  
18 *ballots of the election shall have printed thereon and in a square*  
19 *thereof, the words: “Build California Bond Act of 2006,” and in*  
20 *the same square under those words, the following in 8-point type:*  
21 *“This act provides for a bond issue of \$3 billion to provide funds*  
22 *for construction, retrofit, and replacement of hospital facilities.”*  
23 *Opposite the square, there shall be left spaces in which voters*  
24 *may place a cross in the manner required by law to indicate*  
25 *whether they vote for or against the act.*

26 *(b) Where voting in the election is done by means of voting*  
27 *machines used pursuant to law in a manner that carries out the*  
28 *intent of this section, the use of the voting machines and the*  
29 *expression of the voters’ choice by means thereof are in*  
30 *compliance with this act.*

31 ~~*general obligation bond measure for submission to the voters*~~  
32 ~~*for their approval in order to provide funding to facilitate freight*~~  
33 ~~*movement and reduce traffic congestion. Eligible projects to be*~~  
34 ~~*funded shall include, but not be limited to, the following:*~~

35 ~~*(a) Construction of railroad highway grade separations in*~~  
36 ~~*order to improve safety and reduce traffic congestion.*~~

37 ~~*(b) Addition of truck lanes on highways in order to reduce*~~  
38 ~~*traffic congestion and improve air quality.*~~